GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:4154
ANSWERED ON:20.08.2001
LOSSES SUFFERED BY ALLIANCE AIR AND PAWAN HANS
ALE NARENDRA

Will the Minister of CIVIL AVIATION be pleased to state:

(a) the losses suffered by Alliance Air and Pawan Hans during the last three years and the current year so far, year-wise;

(b) the reasons therefor; and

(c) the concrete steps taken or proposed to be taken by the Government to make them profitable?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a): Alliance Air and Pawan Hans have made profit/(loss) during the last three years as under :-

Year	Alliance Air (Rs. in crores)	Pawan Hans (after tax)
1998-99	4.10	72.05
1999-00	0.94	67.47
2000-01	(72.87)	55.59

While Pawan Hans has not incurred any losses.Alliance Air has incurred a loss of Rs.17.04 crores during the first quarter of the current financial year.

(b): The main reasons for losses suffered by Alliance Air are as under:-

i) Increase in Sales Tax on ATF in certain States.

ii) Hike in domestic ATF prices by around 18% in March,2000 and by 25% in September,2000.

iii) Increase in Landing and Route Navigationalcharges by 4-7.5% for all domestic airports in November,1999 and further increase thereto dueto categorisation of seven more domestic airports as international.

iv) Additional expenditure on various security measures introduced afte hijacking of Kathmandu flight.

v) Increase in Isurance premium rates and foreign exchange rates.

(c) Alliance Air has taken the following steps to contain losses and make the company profitable :-

- Strict budgetary control

- Better fleet utilisation

- General improvement and upgradation of services to the losess

- Flexi-fare introduced on specific routes to augment revenue. With effect from 25th May,2001 fares were reviewed on selective Aliance Air routes under the Flexi-fare scheme introduced by Indian Airlines to augment revenue for the Financial Year 2001-02.

- Special promotional fares were introduced on Delhi/Indore, Delhi/Chandigarh,Delhi/Agra and Delhi-Amritsar routes and special package tours `Rajasthan Flyways` were introduced to increase passenger traffic on Aliance Air routes.

The Government had deregulated the domestic ATF price from 1st April,2001. In anticipation of deregulation of ATF price, a saving in

ATF cost has been assumed in the budget. There was reduction in the ATF price in April,2001 and savings were expected to be more than anticipated in the budget. However, with the hardening of the international prices of ATF, the domestic price has gone up from June, 2001 and thereafter. As a result, the additional savings in ATF costs due to deregulation over and above that assumed in the budget may not materialize.